

# MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia - Company No.7994-D)

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

## Condensed Consolidated Statement Comprehensive Income

In RM'000	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		30.9.2014 (unaudited)	30.9.2013 (unaudited)	30.9.2014 (unaudited)	30.9.2013 (unaudited)
<b><u>Continuing operations</u></b>					
Revenue		497,262	159,728	1,027,596	607,493
Expenses		(442,374)	(302,791)	(930,361)	(721,020)
Other operating income	13	32,861	45,687	247,149	112,647
Profit/(loss) from operations		87,749	(97,376)	344,384	(880)
Finance costs		(40,221)	(45,150)	(125,728)	(125,999)
Share of results of associates		2,199	2,932	7,927	6,039
Share of results of joint venture		(8,411)	(142)	(22,596)	(701)
Profit/(loss) before tax		41,316	(139,736)	203,987	(121,541)
Income tax expenses	14	(9,303)	(948)	(35,291)	(7,427)
Profit/(loss) from continuing operations		32,013	(140,684)	168,696	(128,968)
<b><u>Discontinuing operations</u></b>					
Profit from discontinuing operations (net of tax)		1,399	-	7,939	-
Profit/(loss) for the financial period		33,412	(140,684)	176,635	(128,968)
Other comprehensive income for the financial period, net of tax:					
Item that may be reclassified subsequent to comprehensive income/(loss)					
- Currency translation differences		-	514	368	(495)
Total comprehensive income/(loss) for the financial period, net of tax		33,412	(140,170)	177,003	(129,463)

# MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia - Company No.7994-D)

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

## Condensed Consolidated Statement Comprehensive Income

In RM'000	Note	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
		30.9.2014 (unaudited)	30.9.2013 (unaudited)	30.9.2014 (unaudited)	30.9.2013 (unaudited)
<b>Profit/(loss) for the financial period attributable to:</b>					
Equity holders of the Company					
- from continuing operations		25,994	(122,410)	149,970	(111,349)
- from discontinuing operations		1,399	-	7,939	-
		<u>27,393</u>	<u>(122,410)</u>	<u>157,909</u>	<u>(111,349)</u>
Non controlling interests		6,019	(18,274)	18,726	(17,619)
		<u>33,412</u>	<u>(140,684)</u>	<u>176,635</u>	<u>(128,968)</u>
<b>Total comprehensive income/(loss) for the financial period attributable to:</b>					
Equity holders of the Company					
- from continuing operations		25,994	(122,048)	150,447	(111,690)
- from discontinuing operations		1,399	-	7,939	-
		<u>27,393</u>	<u>(122,048)</u>	<u>158,386</u>	<u>(111,690)</u>
Non controlling interest		6,019	(18,122)	18,617	(17,773)
		<u>33,412</u>	<u>(140,170)</u>	<u>177,003</u>	<u>(129,463)</u>
Earnings/(loss) per share attributable to the ordinary equity holders of the Company (sen)					
Basic and diluted					
- from the continuing operations	22	1.48	(8.23)	8.87	(7.83)
- from the discontinuing operations	22	0.08	-	0.47	-
		<u>1.56</u>	<u>(8.23)</u>	<u>9.34</u>	<u>(7.83)</u>

**Note:** The discontinuing operations in the financial period are in relation to the proposed disposal of an investment property, see Note 16(a) for details.

**The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013**

# MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia - Company No.7994-D)

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

## Condensed Consolidated Statement of Financial Position

In RM'000	As at 30.9.2014 (unaudited)	As at 31.12.2013 (audited)
<b>ASSETS</b>		
<b>Non current assets</b>		
Property, plant and equipment	156,247	37,879
Investment properties	893,396	857,481
Land held for property development	973,111	818,996
Service concession asset	1,243,046	-
Associates	79,564	90,957
Joint venture	72,392	94,988
Long term loan and receivable	550,371	531,909
Available for sale financial assets	577	577
Intangible assets	270,765	291,100
Deferred tax assets	32,885	33,513
	<u>4,272,354</u>	<u>2,757,400</u>
<b>Current assets</b>		
Inventories	10,809	8,399
Properties development costs	912,610	716,443
Trade and other receivables	648,612	649,160
Amount due from joint venture	2,528	537
Tax recoverable	6,814	10,480
Financial assets at fair value through profit or loss	3,953	4,533
Deposits, cash and bank balances	649,819	603,435
	<u>2,235,145</u>	<u>1,992,987</u>
<b>Assets held for sale</b> (see Note A below)	401,817	1,852,337
<b>TOTAL ASSETS</b>	<u><u>6,909,316</u></u>	<u><u>6,602,724</u></u>

# MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia - Company No.7994-D)

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

## Condensed Consolidated Statement of Financial Position

In RM'000	As at 30.9.2014 (unaudited)	As at 31.12.2013 (audited)
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	1,760,178	1,651,311
Share premium	323,982	247,780
Accumulated losses	(149,791)	(275,056)
Other reserves	58,557	51,381
	<u>1,992,926</u>	<u>1,675,416</u>
Non controlling interests	69,262	61,318
<b>Total equity</b>	<u>2,062,188</u>	<u>1,736,734</u>
<b>Non current liabilities</b>		
Loan stock at cost	7,000	7,000
Long term borrowings	1,239,724	908,986
Senior and Junior Sukuk	1,058,460	-
Long term liabilities	25,470	27,128
Deferred tax liabilities	88,305	95,068
	<u>2,418,959</u>	<u>1,038,182</u>
<b>Current liabilities</b>		
Trade and other payables	1,118,945	1,102,112
Current tax liabilities	33,061	9,639
Senior and Junior Sukuk	-	1,058,462
Short term borrowings	1,259,548	1,535,851
Guaranteed return to a non controlling interest	10,000	115,000
	<u>2,421,554</u>	<u>3,821,064</u>
<b>Liabilities associated with assets held for sale</b> (see Note A below)	6,615	6,744
<b>Total liabilities</b>	<u>4,847,128</u>	<u>4,865,990</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>6,909,316</u></u>	<u><u>6,602,724</u></u>
<b>Net assets per share attributable to the equity holders of the Company (sen)</b>	<u>113.2</u>	<u>101.5</u>

# MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia - Company No.7994-D)

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

## Condensed Consolidated Statement of Financial Position

In RM'000	As at 30.9.2014 (unaudited)	As at 31.12.2013 (audited)
<b>Note A</b>		
<b>Non current assets held for sale</b>		
Service concession asset ( Note 11 (g))	-	1,321,672
Investment properties	396,891	396,891
Deferred tax asset in relation to investment property	4,926	4,926
Long term loan and receivable	-	128,848
	<u>401,817</u>	<u>1,852,337</u>
<b>Liabilities associated with assets held for sale</b>		
Other payables	6,615	6,744
Net assets held for sale	<u>395,202</u>	<u>1,845,593</u>

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013*

# MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia - Company No.7994-D)

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

## Condensed Consolidated Statement of Cash Flows

In RM'000	9 months ended	
	30.9.2014	30.9.2013 (unaudited)
<b>Operating activities</b>		
Cash receipts from customers	1,019,755	990,468
Cash paid to suppliers and employees	(842,244)	(986,316)
Cash generated from operations	177,511	4,152
Finance costs paid	(8,111)	(1,145)
Taxes paid	(18,142)	(18,126)
Net cash generated from/(used in) operating activities from continuing operations	151,258	(15,119)
Net cash generated from operating activities from discontinuing operation	3,662	-
<b>Net cash generated from/(used in) operating activities</b>	<b>154,920</b>	<b>(15,119)</b>
<b>Investing activities</b>		
Acquisition of equity investments	(226,057)	(87,855)
Proceeds from divestment of equity investments	273,000	-
Dividend received	166	197
Non equity investments	(102,227)	5,671
Acquisition of subsidiaries	28,286	8,901
Net cash used in investing activities from continuing operations	(26,832)	(73,086)
Net cash generated from investing activities from discontinuing operations	631	-
Net cash used in investing activities	(26,201)	(73,086)
<b>Financing activities</b>		
Proceeds from issue of share capital	97	-
Dividend paid to equity holders	(17,601)	(26,368)
Proceeds from borrowings	622,532	242,263
Repayment of borrowings	(565,870)	(209,420)
Interest paid	(111,784)	(115,162)
Withdrawal/(placement) of restricted cash	5,564	(219)
Net cash used in financing activities from continuing operations	(67,062)	(108,906)
Net cash used in financing activities from discontinuing operations	(9,318)	-
Net cash used in financing activities	(76,380)	(108,906)
Net increase/(decrease) in cash and cash equivalent	52,339	(197,111)
Cash and cash equivalents at beginning of the financial period	308,520	397,815
<b>Cash and cash equivalent at end of financial period</b>	<b>360,859</b>	<b>200,704</b>
<b>For the purpose of the statement of cash flows, the cash and cash equivalents comprised the following:</b>		
Bank balances and deposits	649,819	473,774
Bank overdraft	-	(500)
	649,819	473,274
Less: Bank balances and deposits held as security value	(288,960)	(272,570)
	360,859	200,704

*The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013*

# MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia - Company No.7994-D)

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

## Condensed Consolidated Statement of Changes in Equity

In RM'000	Attributable to equity holders of the Company				Total	Non controlling interests	Total equity
	Share Capital	Share premium	Other reserves	Accumulated losses			
<b>At 1 January 2014</b>	1,651,311	247,780	51,381	(275,056)	1,675,416	61,318	1,736,734
<b>Comprehensive income</b>							
- Profit for the financial period	-	-	-	157,909	157,909	18,726	176,635
<b>Other comprehensive income</b>							
- Currency translation differences	-	-	(285)	-	(285)	110	(175)
Total comprehensive income	-	-	(285)	157,909	157,624	18,836	176,460
<b>Transactions with owners</b>							
Acquisition of subsidiaries	108,807	76,165	7,461	439	192,872	95,478	288,350
Issue of shares							
- exercise of ESOS options	60	37	-	-	97	-	97
Acquisition of additional Equity in subsidiaries	-	-	-	(15,482)	(15,482)	(106,370)	(121,852)
Dividends							
- financial year ended 31 December 2013	-	-	-	(17,601)	(17,601)	-	(17,601)
Total transactions with owners	108,867	76,202	7,461	(32,644)	159,886	(10,892)	148,994
<b>At 30 September 2014 (unaudited)</b>	<u>1,760,178</u>	<u>323,982</u>	<u>58,557</u>	<u>(149,791)</u>	<u>1,992,926</u>	<u>69,262</u>	<u>2,062,188</u>

### Other reserves

In RM'000	Revaluation reserve	Other reserve	Currency translation reserves	Share option reserve	Warrants reserve	Retirement benefit reserve	Total
	<b>At 1 January 2014</b>	28,090	1,666	445	1,877	19,574	(271)
<b>Other comprehensive income</b>							
- Currency translation differences	-	-	(285)	-	-	-	(285)
Total other comprehensive income	-	-	(285)	-	-	-	(285)
<b>Transactions with owners</b>							
Acquisition of a subsidiary	-	-	-	-	7,461	-	7,461
<b>At 30 September 2014 (unaudited)</b>	<u>28,090</u>	<u>1,666</u>	<u>160</u>	<u>1,877</u>	<u>27,035</u>	<u>(271)</u>	<u>58,577</u>

# MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia - Company No.7994-D)

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

## Condensed Consolidated Statement of Changes in Equity

In RM'000	Attributable to equity holders of the Company				Total	Non controlling interests	Total equity
	Share Capital	Share premium	Other reserves	Accumulated losses			
<b>At 1 January 2013</b>	1,387,811	134,475	32,269	(140,759)	1,413,796	69,134	1,482,930
<b>Comprehensive income</b>							
- Loss for the financial year	-	-	-	(109,132)	(109,132)	(8,819)	(117,951)
<b>Other comprehensive income</b>							
- Currency translation differences	-	-	(657)	-	(657)	(282)	(939)
- Actuarial loss on defined benefit obligations	-	-	(271)	-	(271)	(4)	(275)
Total comprehensive losses	-	-	(928)	(109,132)	(110,060)	(9,105)	(119,165)
<b>Transactions with owners</b>							
Acquisition of subsidiaries	263,500	113,305	19,574	-	396,379	1,491	397,870
Employees' share option scheme							
- options granted	-	-	1,669	-	1,669	-	1,669
- options lapsed	-	-	(1,203)	1,203	-	-	-
Dividends							
- financial year ended 31 December 2012	-	-	-	(26,368)	(26,368)	-	(26,368)
- financial year ended 31 December 2013	-	-	-	-	-	(202)	(202)
Total transactions with owners	263,500	113,305	20,040	(25,165)	371,680	1,289	372,969
<b>At 31 December 2013 (audited)</b>	<b>1,651,311</b>	<b>247,780</b>	<b>51,381</b>	<b>(275,056)</b>	<b>1,675,416</b>	<b>61,318</b>	<b>1,736,734</b>



# MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia - Company No.7994-D)

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

## Condensed Consolidated Statement of Changes in Equity

### Other reserves

In RM'000	Revaluation reserve	Other reserve	Currency translation reserves	Share option reserve	Warrants reserve	Retirement benefit reserve	Total
<b>At 1 January 2013</b>	28,090	1,666	1,102	1,411	-	-	32,269
<b>Other comprehensive income</b>							
- Currency translation differences	-	-	(657)	-	-	-	(657)
- Actuarial loss on defined benefit obligations	-	-	-	-	-	(271)	(271)
Total other comprehensive loss	-	-	(657)	-	-	(271)	(928)
<b>Transactions with owners</b>							
Upon acquisition of subsidiaries	-	-	-	-	19,574	-	19,574
Employees' share option scheme							
- options granted	-	-	-	1,669	-	-	1,669
- options lapsed	-	-	-	(1,203)	-	-	(1,203)
Total transactions with owners	-	-	-	466	19,574	-	20,040
<b>At 31 December 2013 (audited)</b>	<u>28,090</u>	<u>1,666</u>	<u>445</u>	<u>1,877</u>	<u>19,574</u>	<u>(271)</u>	<u>51,381</u>

*The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013*

# MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia - Company No.7994-D)

## REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

### Notes to the Interim Report

#### 1. Basis of preparation

The financial report has been prepared in accordance with FRS134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's financial statements for the financial year ended 31 December 2013.

The accounting policies and methods of computation adopted for the financial report are consistent with those adopted for the annual financial statements for the financial year ended 31 December 2013, other than for the compliance with the new/revised Financial Reporting Standards (FRS) that came into effect during the financial period under review.

The Group has applied the following new standards, amendments to standard and interpretations that came into effect during the financial period under review:

- Amendments to FRS 132 "Offsetting Financial Assets and Financial Liabilities"
- Amendments to FRS 136 "Recoverable Amount Disclosures for Non-Financial Assets"

The above new amendments to standard do not have financial impact on the results of the Group as these changes only affect disclosures.

The Malaysian Accounting Standard Board has given the Transitioning Entities the option to continue to apply the Financial Reporting Standards framework until 31 December 2016. The Group is a Transitioning Entities due to its involvement in the development and construction of real estate. The Group shall adopt the new IFRS-compliant framework, Malaysian Financial Reporting Standard from financial year beginning 1 January 2017.

#### 2. Audit report of the preceding annual financial statements

The audit report of the Group's preceding annual financial statements was not subject to any qualification.

#### 3. Seasonal or cyclical fluctuations

The businesses of the Group were not materially affected by any seasonal or cyclical fluctuations during the current financial period.

#### 4. Items of unusual nature, size or incidence

There were no other items of unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows of the Group for the current quarter ended 30 September 2014.

#### 5. Material changes in estimates of amounts reported

There were no changes in estimates of amounts reported in prior financial year that would have a material effect in the current financial period.

# MALAYSIAN RESOURCES CORPORATION BERHAD

*(Incorporated in Malaysia - Company No.7994-D)*

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

## Notes to the Interim Report

### 6. Debt and equity securities

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter ended 30 September 2014.

### 7. Dividends

During the Company's 43<sup>rd</sup> Annual General Meeting held on 27 June 2014, the shareholders of the Company had approved the payment of a first and final single tier dividend in respect of the financial year ended 31 December 2013 of 1.0% or 1.0 sen per ordinary share, amounting to RM17,601,183. The dividend was paid on 23 July 2014.

# MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia - Company No.7994-D)

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

## Notes to the Interim Report

### 8. Segmental reporting

	Engineering and Construction RM'000	Property development and investment RM'000	Infrastructure RM'000	Facilities management and parking RM'000	Investment holding and others RM'000	Total RM'000	Discontinued operations RM'000	Total RM'000
<b>9 months ended 30.9.2014</b>								
Total revenue	520,196	645,621	22,071	70,925	142,671	1,401,484	35,974	1,437,458
Inter segment revenue	(206,946)	(8,627)	(1,920)	(13,958)	(142,437)	(373,888)	(1,350)	(375,238)
External revenue	313,250	636,994	20,151	56,967	234	1,027,596	34,624	1,062,220
Segment results	43,592	114,448	771	6,769	86,886	252,466	24,590	277,056
Interim payment from Government						62,872	-	62,872
Finance income						29,046	671	29,717
Finance costs						(125,728)	(13,688)	(139,416)
Share of results of joint venture and associates	6,151	(23,276)	2,456	-	-	(14,669)	-	(14,669)
Profit before tax						203,987	11,573	215,560

**Note: Effective 1<sup>st</sup> January 2014, environmental businesses/projects have been reclassified under Engineering and Construction division. Hence, the previously Infrastructure and Environmental division is now known as Infrastructure division.**

# MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia - Company No.7994-D)

## REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

### Notes to the Interim Report

#### 8. Segmental reporting (continued)

	Engineering and construction RM'000	Property development and investment RM'000	Infrastructure and environmental RM'000	Facilities management and parking RM'000	Investment holding and others RM'000	Total RM'000
<b>9 months ended 30.9.2013</b>						
Total revenue	494,614	294,638	17,714	77,720	151	884,837
Inter segment revenue	(249,410)	(9,216)	-	(18,718)	-	(277,344)
External revenue	245,204	285,422	17,714	59,002	151	607,493
Segment results	(57,395)	(9,421)	(4,449)	6,887	(26,433)	(90,811)
Interim payment from Government						75,102
Finance income						14,829
Finance costs						(125,999)
Share of results of joint venture and associates	5,583	1,537	(1,782)	-	-	5,338
Profit before tax						(121,541)

# MALAYSIAN RESOURCES CORPORATION BERHAD

*(Incorporated in Malaysia - Company No.7994-D)*

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

## Notes to the Interim Report

### 9. Valuations of property, plant and equipment

The valuations of property, plant and equipment have been brought forward without any material amendments from the previous financial statements.

### 10. Material events subsequent to the financial period

There were no other material events subsequent to the end of the current quarter ended 30 September 2014 that have not been reflected in this interim report except for the disposal of the Group's entire 100% equity interest in MRCB Technologies Sdn Bhd to XMT Technologies Holdings Sdn Bhd which was completed on 16 October 2014 as disclosed in Note 11(h).

# MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia - Company No.7994-D)

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

## Notes to the Interim Report

### 11. Changes in the composition of the Group

- (a) The Company had on 24 June 2014 completed the acquisition of 70% equity in P.J Sentral Development Sdn Bhd (“P.J Sentral”) in accordance with the terms and conditions of the Share Sale Agreement with Nusa Gapurna Development Sdn Bhd (“NGD SSA”), signed on 8 February 2013 and amended and varied by the Supplementary NGD SSA and NGD letter.

The details of the provisional fair value of P.J Sentral’s identifiable assets acquired and liabilities assumed are as follows:

<b>Provisional Fair Value of Assets Acquired and Liabilities Assumed</b>	<b>At date of acquisition RM'000</b>
Property, plant and equipment	166
Property development costs	340,154
Other receivables	11
Cash and bank balances	27,642
Other payables	(49,713)
Non controlling interest	(95,478)
Purchase consideration	<b>222,782</b>
Cash and cash equivalent acquired	(27,642)
	<b>195,140</b>
<b>The fair value purchase consideration comprises:</b>	
- Cash	30,349
- Ordinary shares issued (108,807,365@RM1.70/ share)	184,972
- Free detachable warrants issued (31,087,819@ RM0.24)	7,461
	<b>222,782</b>

The Company had on 20 June 2014, together with NGD entered into a settlement agreement with PKNS Holding Sdn Bhd (“PKNS”) to resolve all disputes, conflict, differences, claims and complaints against each other. On the same day, the Company also entered into a share sale agreement with PKNS for the acquisition of the balance 30% equity interest in P.J Sentral held by PKNS for a cash consideration of RM85,300,000.

Simultaneous with the execution of the settlement agreement, P.J Sentral and PKNS had entered into a development agreement for the purpose of granting development rights to PKNS over the development of a building identified as Tower 2 which is to be constructed/developed on a parcel of development land held by P.J Sentral at an agreed value of RM91,119,462.27.

The acquisition of the balance of 30% equity was completed on 25 September 2014. With this, P.J Sentral has become the Company’s wholly owned subsidiary.

# MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia - Company No.7994-D)

## REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

### Notes to the Interim Report

#### 11. Changes in the composition of the Group (continued)

- (b) The Company had on 29 January 2013 entered into a Sale Agreement with Ekovest Berhad (“Ekovest”) and its subsidiaries for the disposal of the following:-
- (i) 1,500,000 ordinary shares of RM1.00 each in Nuzen Corporation Sdn Bhd (“Nuzen”) and 13,500,000 redeemable preference shares of RM1.00 each in Nuzen representing the Company’s entire 30% equity interest in Nuzen to Wira Kristal Sdn Bhd, a wholly owned subsidiary of Ekovest;
  - (ii) 585 Series A redeemable preference shares of RM1.00 each in Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd (“Kesturi”) to Ekovest Construction Sdn Bhd, a wholly subsidiary of Ekovest; and
  - (iii) RM54.0 million nominal value redeemable secured junior bonds in Kesturi to Ekovest.

herein defined as Duta-Ulu Kelang Expressway (“DUKE”) sale for a total cash consideration of RM228.0 million.

The disposal was completed on 30 June 2014 and the disposal gain to the Group was RM94.9 million.

- (c) The Company’s wholly owned subsidiary, Bitar Enterprises Sdn Bhd had on 3 July 2014 enter into a Deed with the initial shareholders of MRCB Land (Australia) Pty Ltd (“MLA”), Tam Cheok Wing, Choong Kai Wai and Chang Chai Kin to acquire the remaining 30% equity interest comprising 126 ordinary shares in MLA for a total cash consideration of A\$1,341,247.

The acquisition was completed on the same day. With this, MLA has become a wholly owned subsidiary for the Company.

- (d) The Company had on 14 April 2014 entered into a Sale and Purchase Agreement with Bisraya Acres Sdn Bhd (“Bisraya Acres”), a wholly owned subsidiary of Gapurna Sdn Bhd, to acquire 3 parcels of land totaling 617,452 square feet in Bukit Rahman Putra, Sungai Buloh from Bisraya Acres for a total cash consideration of RM83.0 million.

The acquisition was completed on 22 July 2014.

- (e) The Company had on 20 June 2014 entered into a sale and purchase agreement with ASPL M3A Limited for the acquisition of the remaining 40% equity interest in Excellent Bonanza Sdn Bhd (“EBSB”), consisting 2,000,000 ordinary share of RM1.00 each and 62,406 non-cumulative non-convertible redeemable preference shares of RM0.01 each for a cash consideration of RM16,960,000.

The acquisition was completed on 19 August 2014. With this, EBSB has become a wholly owned subsidiary of the Company.



# MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia - Company No.7994-D)

## REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

### Notes to the Interim Report

#### 11. Changes in the composition of the Group (continued)

- (f) The Company had on 24 July 2014 entered into a Share Sale Agreement with Pelaburan Hartanah Berhad (“PHB”) to acquire PHB’s 51% equity interest in Penang Sentral Sdn Bhd (“PSSB”), consisting 12,750,000 ordinary share of RM1.00 each and 30,600,000 redeemable non-cumulative preference shares of RM0.10 each for a total cash consideration of RM50,751,000.

The acquisition was completed on 8 August 2014. With this, PSSB has become a wholly owned subsidiary of the Company.

The details of the provisional fair value of PSSB identifiable assets acquired and liabilities assumed are as follows:

<b>Provisional Fair Value of Assets Acquired and Liabilities Assumed</b>	<b>At date of acquisition RM’000</b>
Property, plant and equipment	92,251
Associate	(41,435)
Trade and other receivables	13,099
Cash and bank balances	6443
Trade and other payables	(4,431)
Amount due to related companies	(2,052)
Retained earnings	(7,325,637)
<b>Purchase consideration</b>	<b>50,751</b>

- (g) The Company’s wholly owned subsidiary which holds the concession right to the Eastern Dispersal Link Highway (“EDL”), MRCB Lingkaran Selatan Sdn Bhd (“MLSSB”) had on 31 July 2014 entered into the following agreements with Government of Malaysia (“GoM”) :-

- (i) Termination Agreement to terminate the Interim Agreement (Note 13(a)) and all interim payment received up to July 2014 shall deemed to be accounted for by both parties as a compensation by GoM to MLSSB for the delay in gazetting the collection of toll on the EDL pursuant to the Concession Agreement; and
- (ii) Supplementary Agreement which came into effect on 1 August 2014 to amend and vary the relevant provisions of the Principal Concession Agreement.

Upon execution of the above agreements, MLSSB has commenced tolling on 1 August 2014 and accordingly the EDL was transferred from non-current asset held for sale to intangible asset as Service Concession Asset.

- (h) The Company had on 18 September 2014 entered into a conditional share sale agreement with XMT Technologies Holdings Sdn Bhd for the disposal of its entire equity interest in MRCB Technologies Sdn Bhd, a wholly owned subsidiary, for a cash consideration of RM7.81 million.

The proposed disposal was completed on 16 October 2014 with a disposal gain of RM0.24 million.

# MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia - Company No.7994-D)

## REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

### Notes to the Interim Report

#### 12. Contingent liabilities or contingent assets

The Group's contingent liabilities, which comprises trade and performance guarantees, amounted to RM143.1 million as at 30 September 2014 (as compared to RM226.9 million as at 31 December 2013). There are no material contingent assets to be disclosed.

#### 13. Other operating income

Other operating income mainly consists of the followings:

- (a) Interim payment from GoM to reimburse the operating and maintenance expenses inclusive of finance costs in relation to the Eastern Dispersal Link Highway (EDL) project pursuant to the Interim Agreement signed on 27 November 2012 until final agreement is reached for GoM to take over the expressway.

On 31 July 2014, MLSSB entered into a Termination Agreement to terminate the Interim Agreement as disclosed in Note 11(g).

- (b) The disposal gain of RM94.9 million as stated in Note 11(b) above.
- (c) The disposal gain of RM7.3 million (Note 11(f)) arising from Step Acquisition of an associate, Penang Sentral Sdn Bhd from 49% to 100% equity interest.

There was no other item of unusual nature in the other operating income in the current financial period.

#### 14. Income tax expenses

In RM'000	Individual Quarter		Cumulative Quarter	
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
In Malaysia				
Taxation				
- current year	(21,520)	(10,255)	(49,399)	(20,436)
- over provision in prior years	6,135	1,657	7,973	2,824
Deferred tax	6,082	7,650	6,135	10,185
	<u>(9,303)</u>	<u>(948)</u>	<u>(35,291)</u>	<u>(7,427)</u>

Lower effective taxation for the financial period to-date was mainly due to the capital gain of RM94.9 arising from the completion of the corporate exercise (Note 11(b)) which is non-taxable.

Taxation is provided mainly due to non-availability of group relief for losses of certain subsidiaries to be utilized to set off against the taxable profits of other entities and also due to certain expenses being non tax deductible. The non-availability of group relief has resulted in higher effective rate of taxation for the current quarter under review.

The deferred tax was mainly due to the net impact from reversal of deferred tax liabilities and some non-deductible temporary differences as well as recognition of unabsorbed tax losses as deferred tax asset.

# MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia - Company No.7994-D)

## REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

### Notes to the Interim Report

#### 15. Corporate Proposal

Corporate proposal announced that are yet to be completed at the date of this report are as follows:-

- (a) The Company's wholly owned subsidiary, MRCB Sentral Properties Sdn Bhd had on 10 April 2014 entered into a conditional sale and purchase agreement ("SPA") with Maybank Trustees Berhad ("Maybank"), acting as trustee for Quill Capita Trust, a real estate investment trust ("REIT") ("QCT"), for the disposal of the Group's investment property known as Platinum Sentral for a total consideration of RM750 million, of which RM486 million will be satisfied in cash and RM264 million will be satisfied via the proposal issuance of 206.25 million units in QCT ("Unit") at an issue price of RM1.28 per Unit.

Simultaneous with the execution of the SPA, the Company entered into Share Sale Agreement with CapitalLand RECM Pte Ltd ("CRPL") and Coast Capital Sdn Bhd ("CCSB") to acquire 40% equity interest and 1% equity interest in Quill Capita Management Sdn Bhd ("QCM") (being the management company of QCT) respectively, for a total cash consideration of RM5,882,835.80.

CRPL and CCSB are the existing shareholders of QCM, holding 40% and 30% equity interest in QCM respectively.

On 9 September 2014, the parties has revised the disposal consideration to RM740 million based on the revised market value of RM740 million. The difference of RM10 million will be adjusted from the cash portion of the disposal consideration.

MSPSB and Maybank have via a Supplementary Agreement dated 8 October 2014 mutually agreed to extend the conditional period to fulfill all the condition precedents of the SPA from 9 October 2014 to 9 January 2015.

- (b) The Company had on 14 August 2014 entered into a Shareholders' Agreement ("SHA") with Kwasa Land Sdn Bhd ("Kwasa Land") and Kwasa Development (2) Sdn Bhd ("KDSB") for the subscription of 700,000 new ordinary shares of RM1.00 each, representing 70% equity interest in KDSB for a cash subscription payment of approximately RM816.6 million ("Proposed Subscription"). KDSB is a special purpose vehicle incorporated to undertake the mixed development of 64.07 acres of land ("MX-1 Land") identified to be the town centre of the proposed Kwasa Damansara Township.

Currently, KDSB is a wholly owned subsidiary of Kwasa Land. Prior to the SHA, on 8 August 2014, Kwasa Land and KDSB had entered into a sale and purchase agreement for the purchase of the MX-1 Land by KDSB from Kwasa Land.

# MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia - Company No.7994-D)

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

## Notes to the Interim Report

### 16. Group borrowings

The tenure of the Group borrowings classified as short and long terms are as follows:

	As at 30.9.2014 RM'000	As at 31.12.2013 RM'000
<b>Secured</b>		
Short term	1,159,548	2,474,313
Long term	2,298,184	908,986
<b>Unsecured</b>		
Short term	<u>100,000</u>	<u>120,000</u>
Total	<u>3,557,732</u>	<u>3,503,299</u>

The increase in the Group borrowings was mainly due to the Group's drawdown on project loans and utilization of working capital facilities.

The secured long term loan consist mainly of the Senior and Junior Sukuk and the related syndicated term loan amounting to RM1.207 billion which were obtained for the purpose of financing the construction of the EDL that has been reclassified to long term borrowings upon GoM's decision not to acquire the EDL.

The Group's secured short term loans mainly consist of:-

- (a) Kuala Lumpur Sentral Lot D The Sentral Residences and the Lot G Nu Tower offices project loans totaling RM724 million; and
- (b) RM380 million Guaranteed Islamic Medium Term Notes for Platinum Sentral which has been reclassified from long term loan to short term loan in line with the classification of Platinum Sentral as asset held for sale as a result of the proposed disposal as stated in Note 15(a).

The Group borrowings are all denominated in Ringgit Malaysia.

### 17. Material litigation

The Group is engaged in various litigations arising from its business transactions, the potential claims amounting to approximately RM33.7 million. Based on management assessment and legal advice on these claims for which reasonable defence exist, no provision have been made by the Group at this juncture.

On the other hand, the Group has also filed some claims, some of them are counter claims amounting to approximately RM42.7 million arising from its business transactions.

# MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia - Company No.7994-D)

## REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

### Notes to the Interim Report

#### 18. Review of performance

The Group recorded strong growth in revenue and profit before taxation of RM1.028 billion and RM204.0 million respectively for the cumulative 3rd quarter ended 30 September 2014 as compared to revenue of RM607.5 million and loss before taxation of RM121.5 million recorded in the preceding cumulative quarter ended 30 September 2013.

The higher revenue recorded for the current cumulative quarter was mainly due to revenue contribution from the Group's newly acquired property development subsidiaries i.e. from the 9 Seputeh and P.J Sentral's development in addition to the on-going development of Q Sentral Office and The Sentral Residences coupled with revenue generated from the engineering and construction division.

The profit before taxation of RM204.0 million was also due to the recognition of profit from the abovementioned property development projects on top of the disposal gain from the sale of investment in DUKE which was recognized in the previous quarter.

#### 19. Variation of results against immediate preceding quarter

The Group recorded revenue and profit before taxation of RM497.3 million and RM41.3 million for the current quarter ended 30 September 2014 as compared to a revenue of RM325.7 million and profit before taxation of RM138.8 million recorded in the preceding immediate quarter ended 30 June 2014.

The higher profit before taxation of RM138.8 million reported in the immediate preceding quarter includes the disposal gain arising from the disposal of investment in DUKE.

#### 20. Prospects

The Group's expansion plans which includes acquiring land banks at prime location such as P.J Sentral , 9 Seputeh , Suria Subang , Semarak City and Kwasa Sentral and also being a transportation hub developer will provide the platform for the Group to further grow its revenue and profit base for the future.

With the projection that the Malaysian economy will expand at 5.5% to 6% in year 2015, the Group expects the revenue and profit growth to be satisfactory for the current financial year.

#### 21. Variance on forecast profit/profit guarantee

Not applicable.

# MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia - Company No.7994-D)

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

## Notes to the Interim Report

### 22. Earnings per share (EPS)

#### Basic EPS

The basic EPS is calculated by dividing the net profit for the current financial period by the weighted average number of shares issued during the current financial period.

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
Net profit/(loss) for the financial period attributable to the owners of the parent (RM'000)				
- from continuing operations	25,994	(122,410)	149,970	(111,349)
- from discontinuing operations	1,399	-	7,939	-
Weighted average number of Ordinary shares in issue ('000)	1,760,133	1,488,056	1,691,172	1,421,593
Basic Earnings/(Loss) Per Share (sen)				
- from continuing operations	1.48	(8.23)	8.87	(7.83)
- from discontinuing operations	0.08	-	0.47	-

#### Diluted Earnings/(Loss) Per Share

There is no significant effect for the diluted earnings per share arising from the outstanding share options and warrants. Hence, the basic earnings per share approximates to diluted earnings per share.

# MALAYSIAN RESOURCES CORPORATION BERHAD

(Incorporated in Malaysia - Company No.7994-D)

REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

## Notes to the Interim Report

### 23. Breakdown of realised and unrealised profits or losses

The breakdown of the accumulated losses of the Group as at 30 September 2014, into realised and unrealised, pursuant to a directive issued by Bursa Malaysia Securities Berhad are as follows;

	Accumulated quarter ended 30.9.2014 (RM'000)	Accumulated quarter ended 31.12.2013(audited) (RM'000)
Total accumulated profit or losses:		
- Realised	192,248	31,201
- Unrealised	(54,006)	(69,561)
Total share of accumulated profit from associates:		
- Realised	40,775	17,632
Total share of accumulated losses from joint venture:		
- Realised	(29,608)	(7,012)
Add: Consolidation adjustments	(299,200)	(247,316)
<b>Total Group accumulated losses</b>	<b>(149,791)</b>	<b>(275,056)</b>

The analysis of realised and unrealised accumulated losses is compiled based on Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Listing Requirements as issued by the Malaysian Institute of Accountants.

The disclosure above is solely for compliance with the directive issued by Bursa Malaysia Securities Berhad and should not be used for any other purpose.

**By Order of the Board**

**Mohd Noor Rahim Yahaya**  
Company Secretary

**Kuala Lumpur**  
**18 November 2014**